

Senate Engrossed

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SENATE CONCURRENT MEMORIAL 1003

A CONCURRENT MEMORIAL

URGING THE UNITED STATES CONGRESS TO REJECT ATTEMPTS TO LOWER THE MORTGAGE
INDEX DEDUCTION IN THE INTERNAL REVENUE CODE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 To the Congress of the United States of America:

2 Your memorialist respectfully represents:

3 Whereas, it has been the federal tax policy since the inception of the
4 Internal Revenue Code to encourage home ownership; and

5 Whereas, the real estate industry generates 15 to 18 per cent of the
6 gross domestic product, and the housing market has been the most vibrant
7 sector of our state and national economies in the past five years, fueling
8 much of the 2001-2002 economic recovery; and

9 Whereas, home ownership in Arizona and the United States is at record
10 levels with more than 70 per cent of families owning their own homes; and

11 Whereas, homes are the foundations of our culture, the basis for our
12 community life and the bedrock value of the American dream; and

13 Whereas, with a low national savings rate and the impending retirement
14 of the baby boom generation, home ownership and its resulting equity growth
15 is in itself a method of savings and capital formation and should be
16 encouraged; and

17 Whereas, the capital invested in housing and the equity it generates
18 should be preserved for families and is generally the prime savings choice
19 for lower and middle income Americans; and

20 Whereas, real estate and home ownership is almost always acquired with
21 debt of some sort; and

22 Whereas, the current \$1 million cap on mortgage indebtedness as a
23 measure of allowable mortgage interest deductions was adopted nearly 20 years
24 ago in 1987 and has not been indexed for inflation; and

25 Whereas, the Tax Reform Act of 1986 provided ample evidence that when
26 the tax benefits associated with real estate ownership are curtailed, the
27 value of real estate declines; and

28 Whereas, the President's Advisory Panel on Tax Reform has suggested
29 lowering the cap on mortgage interest deductions; and

30 Whereas, any change in lowering the mortgage cap would cause a
31 government-created collapse of housing prices, wiping out equity and wealth
32 for millions of working families across this nation; and

33 Whereas, any change in lowering the mortgage cap would create a further
34 barrier to home ownership for young families by diminishing the savings
35 families could have in their homes and would lead to a decline in the
36 homeownership rate.

37 Wherefore your memorialist, the Senate of the State of Arizona, the House of
38 Representatives concurring, prays:

39 1. That the United States Congress reject any attempt to lower the
40 mortgage index deduction in the Internal Revenue Code.

41 2. That the United States Congress enact legislation raising the
42 current mortgage cap and index it for inflation.

43 3. That the Secretary of State of the State of Arizona transmit copies
44 of this Memorial to the President of the United States Senate, the Speaker of
45 the United States House of Representatives and each Member of Congress from
46 the State of Arizona.

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PASSED BY THE HOUSE APRIL 25, 2006.

PASSED BY THE SENATE MARCH 1, 2006.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 26, 2006